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Briefly Speaking

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A good deal is being written or said about the surplus relief buying that is being done by the Government through the Federal Surplus Commodities Corporation. The subject seems to be very little understood. Its purpose is to begin bridging the gap between human hunger and surpluses of food. The aim is to help farmers whose markets are glutted and whose prices are destroyed, by buying up surpluses and taking them off the market; and to help hungry people by distributing those surpluses to them through State relief agencies.

**47½ Million
for Surplus
Relief Buying
in 1 Year.**

The quantities of surplus farm products purchased for relief totaled 1,839,000,000 pounds from July 1, 1937, to June 30, 1938, the latest period for which figures have been completed. I am told this is about the amount that could be carried in 425 train loads. Included in the relief supplies were such things as oranges, potatoes, dairy products, eggs, and fresh vegetables. The food went to some 2,000,000 relief families in every State and the District of Columbia, and it was also used to provide school lunches for needy children.

The money spent for these purchases was approximately \$47,500,000.

A survey has just been made at the request of Secretary Wallace, and the results show that a need exists for every pound that the Surplus Commodities Corporation is buying—and more besides. The survey shows that State welfare agencies would like to get about three times as great a total quantity of foods in the next 12 months as was bought in the past 12. If all the needs indicated in the survey were met, \$175,000,000 would be required, whereas we only have about \$79,000,000 for surplus removal operations of all kinds.

This buying protects farm prices. That is one of its main purposes. The Surplus Commodities Corporation steps into a glutted market in emergency, and stops a collapse of prices. Thus, farm prices are prevented from falling so low as they otherwise would fall.

Do overwhelming surpluses of farm products mean shorter breadlines and less hunger in the cities? The answer is that in the past they have meant longer breadlines. When farm prices collapse, farmers cannot buy city goods. Factories close down. People lose their

jobs. In the early 1930's when wheat surpluses were greatest, breadlines were longest; when cotton supplies were piled highest, the largest number of people were ragged and cold.

So you can see why the surplus purchases now are an important part, but only a part, of the general recovery program of the Government. The broad program includes all of the Government's farm program. It also includes plans for increasing factory employment, for protecting wages, for increasing the buying power of consumers and of farmers. But trying to bridge the gap between hunger and surplus is vital in making a constructive use of our farm surpluses and in holding suffering to a minimum.—*Excerpts from address by A. A. A. Administrator, Tolley, A. A. A. Press Release.*

“For a long-range contrast, put 1936 against 1787, the year the Constitution was framed. Then it took 19 persons living on farms to produce enough for themselves and for one person in town. Today 19 persons on farms can produce enough for themselves and for 66 persons in town. This is a shift of greater magnitude than took place in the 10,000 years previous to 1787.

**In Efficiency,
Farm Keeps
Up With
Industry.**

“* * * the efficiency of the average farmer during our first 100 years increased probably more than five-fold. During the past 50 years his efficiency has about doubled.

“* * * Agriculture has kept pace with industry to an astonishing degree. Between 1910 and 1930, the output per worker increased 39 percent in manufacturing and 41 percent in agriculture. In the 5 years between 1922 and 1926, one of the most remarkable periods in agricultural history, agricultural production increased 27 percent, while crop acreage remained stationary, and the amount of labor in agriculture actually decreased.”—*Secretary Wallace in a speech at Council Bluffs, Iowa, August 11, 1936.*

The goal for the Nation is abundance. The goal for the farmer is conservation of his soil and of his income.—*Secretary Wallace in Radio Talk.*

Compiled by the Division of Information, Agricultural Adjustment Administration, United States Department of Agriculture, from official and unofficial sources for the information of committeemen or others cooperating in the administration of the AAA programs.

Dairy products eventually are going to get into the same kind of mess as hogs because their ups and downs flow out of the ups and downs of the corn crop. Give us 2 or 3 years of good corn crops and dairy products will be nearly as bad off as hogs, unless we have this Ever-Normal Granary Program in corn working properly. Dairy people are beginning to feel it now, though their situation is not as bad as that of the rest of farmers on the export market whose prices are down to half of parity. Dairy prices are down to three-fourths.

We have a combination of Commodity Credit Corporation and Federal Surplus Commodities Corporation working with dairy products, whereby R. F. C. money has been loaned to a special agency which has been set up to buy butter. This agency has been loaned money to buy up to 50 million pounds of butter at a price not to exceed 75 percent of parity. Up to the present time, this agency has bought 32,000,000 pounds of butter which is now in storage. If this butter coming out of storage would have to be sold at a loss, the Surplus Commodities Corporation would take it over and give it to people on relief. The present total of dairy stocks in store is the largest in history.—*Extemporaneous remarks by Secretary Wallace at a conference in Washington, D. C., August 11, 1938.*

The August crop report indicated a 1938 corn crop of approximately 2,566,000,000 bushels. Secretary Wallace announced an estimated carry-over of corn as of October 1, 1938, of 320,000,000 bushels. This indicated a total supply of corn as of October 1, 1938, of 2,886,000,000 bushels. Since this amount did not exceed the marketing-quota level, no marketing quotas for corn could be proclaimed under the act and no referendum on quotas was called for.

This marketing-quota level, computed from the normal supply figure as officially announced by the Secretary's proclamation of September 1, 1938, was 2,907,000,000 bushels.

Two main factors have helped to keep the corn supply this year at a level which makes it unnecessary to conduct a referendum on corn-marketing quotas. These factors are:

First, the large exports of corn during the current marketing year, which are expected to be more than 12 times the average of the past 10 years. Second, the lower-than-normal corn acreage, resulting for the most part from the A. A. A. acreage adjustment, but to some extent from a temporary shift from corn to wheat in the western part of the Corn Belt * * *.

When the marketing-quota provisions were included by Congress in the new act last winter, there was a good deal of interest in the subject and some curiosity as to how the plan might work out in actual practice.

At that time, taking the 10-year average of corn disappearance but without making any allowance for current trends, a hypothetical figure of 2,773,000,000 bushels for a possible marketing-quota level was arrived at. This figure and other figures were used from time to time for purposes of illustration only. They never were intended to constitute an official estimate of the marketing-quota level, and could not legally have been used in the final instance, because the law specifically requires not only that the figure used must be based on the 10-year average of domestic consumption and exports but also that this figure must include adjustments for current trends in both domestic consumption and exports * * *.

It has sometimes been argued, not without some justification, that an allowance should be made for the 2 drought years of 1934 and 1936 in determining a normal year's domestic consumption of corn. But the Agricultural Adjustment Act of 1938 makes no specific provision for adjusting the actual 10-year average consumption of corn for the effects of drought of even exceptional severity and, consequently, no adjustment of this kind was made. If such an adjustment had been made, the marketing-quota level would have been very substantially higher than it actually is.—A. A. A. Press Releases.

Some people fear that because the Crop Insurance Corporation is going to carry its reserves as stored wheat, it will be an instrument in building up large stocks of wheat as in Farm Board days, which will depress price. But, in crop insurance, both premiums and loss payments are "at the market." There is no overbidding the market. Wheat purchases and sales are "at the market."

The simple arithmetic of the wheat-surplus matter is that if more wheat is produced than mills and exporters consume, there will be some wheat left over unused. That will be carry-over. It will exist whether there is crop insurance or not. All that crop insurance does is to earmark 50,000,000 to 100,000,000 bushels of whatever carry-over there is for the purpose of meeting future crop losses of such farmers as suffer losses. It is merely designating a portion of the surplus for a foresighted, thrifty purpose. Crop insurance does not make surpluses; it uses part of them.

In the second place, the crop-insurance law very definitely provides that wheat stocks, once they are accumulated, can be sold only to pay crop losses incurred by farmers. They definitely are not to be dumped, and are to be used only to pay crop losses. The only exceptions are that wheat may be sold to prevent deterioration or may be sold in order to get wheat in better storage position. In both cases, however, the money received must immediately be reinvested in stored wheat.—*Federal Crop Insurance Corporation.*

Surplus Grain Can Be Used for Insurance.

Corn Quota Referendum Not Needed.

WITH DROUGHT GONE, CORN EXPORTS UP AND IMPORTS DOWN

Year and month	Acres (harvested)	Production (bushels) ¹	Price to farmers (cents) ²	Imports (including meal) (bushels) ³	Exports (including meal) (bushels)
1924-----	100,420,000	2,223,123,000	105.8	3,545,223	-----
1925-----	101,331,000	2,798,367,000	71.0	1,661,935	-----
1926-----	99,452,000	2,546,972,000	74.9	579,970	-----
1927-----	98,357,000	2,616,120,000	85.2	5,141,870	17,144,616
1928-----	100,336,000	2,665,516,000	85.0	1,436,023	20,556,457
1929-----	97,805,000	2,521,032,000	79.8	349,419	41,594,447
1930-----	101,465,000	2,080,421,000	56.1	1,262,197	8,526,859
1931-----	106,912,000	2,575,611,000	32.2	927,624	3,079,414
November 1932-October 1933-----	110,577,000	2,931,281,000	34.2	169,393	7,258,687
November 1933-October 1934-----	105,963,000	2,399,632,000	56.8	1,362,912	4,832,417
November 1934-October 1935-----	92,354,000	1,461,123,000	⁴ 81.6	41,144,633	880,319
November 1935-October 1936-----	95,804,000	2,303,747,000	⁴ 70.0	24,528,414	885,351
November 1936-October 1937-----	93,020,000	1,507,089,000	⁴ 102.6	96,730,909	555,782
1937-38			Preliminary	Preliminary	Preliminary
November 1937-----	93,810,000	2,644,995,000	48.0	178,127	1,749,856
December-----			48.5	155,479	3,895,081
January 1938-----			52.2	39,290	13,289,632
February-----			51.7	40,854	16,281,644
March-----			51.3	54,452	9,041,974
April-----			52.7	54,892	20,697,622
May-----			52.7	38,107	25,446,452
June-----			52.3	41,098	13,375,313
Preliminary totals, November 1937-June 1938-----				602,299	103,777,574
1938-39					
August estimate-----	92,146,000	2,566,221	-----	-----	-----

¹ Production figures are for the crop year, but are shown in November in monthly tabulations.

² Weighted average price based on November-October period.

³ General imports through September 1933; imports for consumption beginning October 1933.

⁴ Simple average; weighted average not available for November-October period beginning 1934-35.

From figures furnished by the Bureau of Agricultural Economics.

The 26,904,000 acres of cotton reported in the Bureau of Agricultural Economics July estimate is 22 percent less than the acreage from which last year's record cotton crop was harvested. It is 28 percent less than the 1927-36 average of cotton plantings, and about 17 percent smaller than the average cotton acreage for the years of 1933 through 1937. If growers abandon about the usual acreage this year, the acreage harvested for the 1938 crop will be the smallest since 1900.—*Farm Flashes, U. S. D. A.*

Parity income for agriculture is a farm income which farmers must receive from farm products in order to have purchasing power equal to that of a representative period in the past—a period when agriculture received its fair share of the Nation's income. The years 1909-14 are taken as a representative fair period.

The use of cotton bagging as a covering for 16,000 bales of cotton was among the projects sponsored during the past year in connection with the cotton diversion program for encouragement and development of new uses for cotton according to the Agricultural Adjustment Administration.

Cotton Fabric Use Explored in New Fields.

Other new uses for which demonstrations were conducted included the use of cotton fabric as a reinforcement for airport runways; as a covering for tobacco plant beds while the beds were being fumigated for the control of blue mold; as a covering for dried fruits to prevent insect damage during the curing process; for lining irrigation canals and terrace outlet ditches; and as a covering for highway cuts and fills; as a covering to protect tree seedlings, and as a roofing and side-wall material for covering houses.

Approximately 1,325,000 square yards of cotton materials were supplied or approved for purchase and shipment to cooperating agencies in 40 States for the various demonstrations, the purchases being made through the Federal Surplus Commodities Corporation. The materials were for use on 142 projects. The total cost was about \$120,000.—*U. S. D. A. Press Release.*

Wheat growers who have studied the new Ever-Normal Granary Program for wheat find they now have more choice of what to do with their grain than they have had in the past. In the first place, they can use part of it to pay premiums on crop insurance for 1939, and they can pay ahead for 1940 if they wish.

Grower Has Choice in Wheat Plan.

Also, if loans are offered, those who have not exceeded their total soil-depleting acreage allotments by more than 5 percent can store surplus wheat of good grade and quality in approved elevators or warehouses, using the warehouse receipts as evidence that they own the wheat. This loan will provide money for current expenses, keep surplus wheat off the market until it is needed, and give the farmer a chance to sell for a better price if the better price comes. Or in most localities a farmer may store the wheat on his own farm under seal and get a loan on it.—*Farm Flashes, U. S. D. A.*

The farmer's short-time interests are, after all, the most compelling. Prices below parity drive him to grow all the cash crops possible. Society may become alarmed for its future food and fiber supplies and may urge conservation. Oppressed by low prices for what he sells, higher prices for what he buys, the farmer finds it difficult to respond even when he knows full well the consequence to his farm, to his children, and to the Nation if he does not.—*A. A. A. pamphlet G-67, Do We Want To Be Farmers.*

Big supplies of farm products and low prices do not mean food and clothing for those who need them.

As the end of the fiscal year approaches, it becomes increasingly evident that the agricultural foreign trade picture for 1937-38 will be more nearly normal, as far as the relations of imports to exports is concerned, than has been the case for any year since the 1934 drought. Imports of competitive agricultural products for the 11-month period ended May 31 were 29 percent below those of the corresponding period last year, while farm exports rose by 21 percent. Abnormal imports, such as those of most grains, feeds, and certain dairy products, have practically disappeared in recent months. Furthermore, there has been a great reduction in the importation of products such as cheddar cheese, eggs, hops, and vegetables, most of which are purchased from abroad in considerable quantities even in normal years.

On the export side, there have been increases in many of the drought-affected items. Lard exports nearly doubled for the 11-month period. Corn exports rose from almost nothing to 90,000,000 bushels. Indications are that they have passed the 100,000,000 mark for the fiscal year. Milled rice and wheat showed equally important increases. As a result, competitive agricultural imports have fallen back to 66 percent of agricultural exports.—*Foreign Crops and Markets*.

Total imports of beef into the United States in all forms in the first 5 months of 1938 were about 17 percent smaller than in the corresponding months of 1937. Practically all of the current decline is accounted for by a drop of about 30 percent in the dressed-weight equivalent of the imports of live cattle. Most of the decline in imports of live cattle is accounted for by a decline of about 70 percent in the number weighing 700 pounds or more imported from Canada. In canned beef, the other important item, receipts so far this year have been slightly larger than those of a year ago. The imports this year of nonconcession cattle weighing between 175 and 700 pounds were about 50 percent larger by number than in the first 5 months of 1937. Mexico provided the bulk of such imports.—*Foreign Crops and Markets*.

While the six leading cotton countries exported 1.5 million bales less during the first 9 months of the current season than during the corresponding period last year, exports from the United States rose about 400,000 bales or 8 percent. The combined exports from the other five countries declined about 35 percent.—*Foreign Crops and Markets*.

For the 2 full years that the processing tax was in effect, domestic (cotton) consumption averaged 5,500,000 bales as compared with an average of 5,400,000 bales for the preceding 3 years.—*Lawrence Myers, Chief Marketing Section, A. A. A.*

Expansion of American trade in South American countries, especially in heavy goods products, will be encouraged by the Administration through redoubled efforts of the Export-Import Bank, which heretofore had concentrated its activities in the European field. The disclosure that the Export-Import Bank had agreed to discount notes of the Haitian Government to finance its public-works program, estimated to require \$5,000,000 is only one of a number of important transactions in which the bank will participate. The bank is expected to disclose soon the completion of negotiations for the sale of American railroad equipment manufacturers of a substantial order for rolling stock to Brazil. Unsettled political conditions in Europe, trade barriers, and exchange restrictions have reduced the activities of the Export-Import Bank.—*U. S. D. A. Daily Digest*.

Economic democracy is the application of self-government to economic problems. As applied to the farm program, it means cooperation by farmers to meet their problems of production and marketing in a fair and orderly way. The county-planning committees, county-discussion groups, administration by farmer committees, and the referendums on marketing quotas are important factors in fostering such a democracy.

"* * * Most industry enjoys tariff protection designed to give it immunity from a considerable degree of foreign competition. In some cases this goes farther and is designed not only to cut out direct competition but competition from other commodities or goods. In many cases this is designed to prevent the consumer from buying products they do want so that they will be forced to buy products which they do not want."—*From memorandum of former Assistant Secretary of State, Adolph A. Berle, Jr., to Monopoly Investigating Committee.*

Let us never forget that the cultivation of the earth is the most important labor of man. Unstable is the future of a country which has lost its taste for agriculture. If there is one lesson of history that is unmistakable, it is that national strength lies very near the soil.—*Daniel Webster*.

Experience has shown that large farm surpluses of such crops as wheat, corn, and cotton actually create scarcity conditions in the city by lowering farm prices so much that the farmer is unable to buy city-made goods.

Many of the developments in land policy new to the United States are old business in foreign countries where more limited land resources and denser populations long ago forced a recognition of the importance of land planning.—*Land Policy Circular U. S. D. A.*